

Introduced by Senator Polanco

February 23, 2000

An act to amend Sections 871, 873, 874, 875, 876, and 878 of, to add Section 883 to, to repeal and add Section 871.5 of, and to amend the heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1712, as introduced, Polanco. Universal communication service.

The Moore Universal Telephone Service Act requires the Public Utilities Commission to establish a class of lifeline service necessary to meet minimum residential communications needs and establish rates and charges for that service. The act also requires telephone corporations providing service within a service area to file a schedule of rates and charges providing a class of lifeline telephone services and provide information about these services to eligible subscribers.

This bill would require the commission, on or before February 1, 2001, to initiate an investigation to examine the current and future definitions of universal service, seeking input from a wide cross section of providers, users, and state agencies, and reporting findings and recommendations to the Legislature. The bill would replace the term "universal telephone service" with the term "universal communication service." The bill would require a telecommunications provider providing service within a service area to file a

schedule of rates and charges providing a class of lifeline communications services and to provide information about those services to eligible subscribers. The bill would make related legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code is amended to read:

Article 8. Universal ~~Telephone~~ Communication Service

SEC. 2. Section 871 of the Public Utilities Code is amended to read:

871. This article shall be known and may be cited as the ~~Moore~~ *Polanco-Moore* Universal ~~Telephone~~ Communication Service Act of 2000.

SEC. 3. Section 871.5 of the Public Utilities Code is repealed.

~~871.5. The Legislature finds and declares all of the following:~~

~~(a) The offering of high quality basic telephone service at affordable rates to the greatest number of citizens has been a longstanding goal of the state.~~

~~(b) The Moore Universal Telephone Service Act has been, and continues to be, an important means for achieving universal service by making basic residential telephone service affordable to low income citizens through the creation of a lifeline class of service.~~

~~(c) Every means should be employed by the commission and telephone corporations operating within service areas which furnish lifeline telephone service to ensure that every person qualified to receive lifeline telephone service is informed of and is afforded the opportunity to subscribe to that service.~~

~~(d) The furnishing of lifeline telephone service is in the public interest and should be supported fairly and~~

~~equitably by every telephone corporation, and the
commission, in administering the lifeline telephone
service program, should implement the program in a way
that is equitable, nondiscriminatory, and without
competitive consequences for the telecommunications
industry in California.~~

SEC. 4. Section 871.5 is added to the Public Utilities Code, to read:

871.5. The Legislature finds and declares all of the following:

(a) The Moore Universal Telephone Service Act, enacted in 1987, was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service.

(b) Factors such as competition and new research are resulting in the convergence of a variety of telecommunications technologies offering an expanded range of telecommunications services to users that incorporate voice, video, and data.

(c) It is the intent of the Legislature that the commission redefine universal telephone service by incorporating, to the extent feasible, two-way send and receive voice, video, and data as components of basic service. This incorporation will guarantee equity of access to high-speed networks that will do all of the following:

(1) Improve the quality of life among the residents of California.

(2) Expand access to public and private resources for education, training, and commerce.

(3) Increase access to public resources enhancing public health and safety.

(4) Assist in bridging the “digital divide” through expanded access to new technologies by low-income, disabled, or otherwise disadvantaged Californians.

(5) Shift traffic patterns by enabling telecommuting, thereby helping to improve air quality in all areas of the state and mitigating the need for highway expansion.

1 SEC. 5. Section 873 of the Public Utilities Code is
2 amended to read:

3 873. (a) The commission shall annually do all of the
4 following:

5 (1) Designate a class of lifeline service necessary to
6 meet minimum residential communications needs.

7 (2) Set the rates and charges for that service.

8 (3) Develop eligibility criteria for that service.

9 (4) (A) Assess the degree of achievement of universal
10 *communication* service, including telephone penetration
11 rates, *including wireless, wireline, satellite, cable, and*
12 *Internet telephony*, by income, ethnicity, and geography.

13 ~~This~~

14 (B) *This* information shall be annually reported to the
15 Legislature by the commission in a document ~~which~~ *that*
16 can be made public.

17 (b) Minimum residential communications needs
18 ~~includes~~ *include*, but ~~is~~ *are* not limited to, the ability to
19 originate and receive calls and the ability to access
20 electronic information services.

21 SEC. 6. Section 874 of the Public Utilities Code is
22 amended to read:

23 874. The lifeline ~~telephone~~ *communication* service
24 rates and charges shall be as follows:

25 (a) In a residential subscriber's service area where
26 measured service is not available, the lifeline ~~telephone~~
27 *communication* service rates ~~shall~~ *may* not be more than
28 50 percent of the rates for basic flat rate service, exclusive
29 of federally mandated end user access charges, available
30 to the residential subscriber.

31 (b) In a residential subscriber's service area where
32 measured service is available, the subscriber may elect
33 either of the following:

34 (1) A lifeline ~~telephone~~ *communication* service
35 measured rate of not more than 50 percent of the basic
36 rate for measured service, exclusive of federally
37 mandated end user access charges, available to the
38 residential subscriber.

39 (2) A lifeline flat rate of not more than 50 percent of
40 the rates for basic flat rate service, exclusive of federally

1 mandated end user access charges, available to the
2 residential subscriber.

3 (c) The lifeline ~~telephone~~ *communication* service
4 installation or connection charge, or both, ~~shall~~ *may* not
5 be more than 50 percent of the charge for basic
6 residential service installation or connection, or both. The
7 commission may limit the number of installation and
8 connection charges, or both, that may be incurred at the
9 reduced rate in any given period.

10 (d) There shall be no charge to the residential
11 customer who has filed a valid eligibility statement for
12 changing out of lifeline service.

13 (e) The commission shall assess whether there is a
14 problem with customers who fraudulently obtain lifeline
15 ~~telephone~~ *communication* service. If the commission
16 determines that there is a problem, it shall recommend
17 and promulgate appropriate solutions. This assessment
18 and the solutions determined by the commission ~~shall~~
19 *may* not, in and of themselves, change the procedures
20 developed pursuant to Section 876.

21 SEC. 7. Section 875 of the Public Utilities Code is
22 amended to read:

23 875. (a) In addition to Section 874, every lifeline
24 ~~telephone~~ *communication* service subscriber shall be
25 given an allowance, reduced by the amount of any credit
26 or allowance authorized by the Federal Communications
27 Commission, equal to the then current or announced
28 federally mandated residential end user access charges.

29 (b) The commission may, in a separate proceeding,
30 establish procedures necessary to ensure that the lifeline
31 ~~telephone~~ *communication* service program qualifies for
32 any federal funds available for the support of those
33 programs.

34 SEC. 8. Section 876 of the Public Utilities Code is
35 amended to read:

36 876. The commission shall require every ~~telephone~~
37 ~~corporation~~ *telecommunications provider* providing
38 ~~telephone~~ *communication* service within a service area to
39 file a schedule of rates and charges providing a class of
40 lifeline ~~telephone~~ *communication* service. Every

1 ~~telephone—corporation~~ *telecommunications provider*
2 providing service within a service area shall inform all
3 eligible subscribers of the availability of lifeline
4 ~~telephone~~ *communication* service, and how they may
5 qualify for and obtain service, and shall accept
6 applications for lifeline —~~telephone~~ *communication*
7 service according to procedures specified by the
8 commission.

9 SEC. 9. Section 878 of the Public Utilities Code is
10 amended to read:

11 878. (a) A lifeline ~~telephone~~ *communication* service
12 subscriber shall be provided with one single party line at
13 his or her principal place of residence, and no other
14 member of that subscriber's family or household who
15 maintains residence at that place is eligible for lifeline
16 ~~telephone~~ *communication* service.

17 ~~An~~

18 (b) An applicant for lifeline ~~telephone~~
19 *communication* service may report only one address in
20 this state as the principal place of residence.

21 SEC. 10. Section 883 is added to the Public Utilities
22 Code, to read:

23 883. (a) The commission shall, on or before February
24 1, 2001, issue an order initiating an investigation and
25 opening a proceeding to examine the current and future
26 definitions of universal communication service. That
27 proceeding shall include public hearings that encourage
28 participation by a broad and diverse range of interests
29 from all areas of the state, including, but not limited to,
30 all of the following:

31 (1) Consumer groups.

32 (2) Communication service providers.

33 (3) Rural and urban users.

34 (4) Representatives of small and large businesses and
35 industry.

36 (5) State agencies, including, but not limited to, all of
37 the following:

38 (A) The Trade and Commerce Agency.

39 (B) The Business, Transportation and Housing
40 Agency.

- (C) The State and Consumer Services Agency.
- (D) The Department of Information Technology.
- (E) The State Department of Education.
- (F) The State Department of Health Services.
- (G) The California State Library.

(6) Colleges and universities.

(b) The objectives of the proceeding set forth in subdivision (a) shall include all of the following:

(1) To redefine universal service in light of current trends toward accelerated convergence of voice, video, and data, with an emphasis on the role of basic service in the workplace, in the availability of education and training, access to health care, and increased public safety.

(2) To evaluate the extent to which technological changes are reducing the relevance of prior segmentation across these technologies.

(3) To reevaluate prior definitions of basic service in a manner that will effectively incorporate the latest technologies to provide all California residents with all of the following:

(A) Improved quality of life.

(B) Expanded access to public and private resources for education, training, and commerce.

(C) Increased access to public resources enhancing public health and safety.

(D) Assistance in bridging the “digital divide” through expanded access to new technologies by low income, disabled, or otherwise disadvantaged Californians.

(4) To delineate the subsidy support needed to maintain the redefined scope of universal service in a competitive market.

(5) To design and recommend an equitable and broad-based subsidy support mechanism for universal communication service in freely competitive markets.

(6) To develop a process to periodically review and revise the definition of universal communication service to reflect new technologies and markets.

(c) The commission shall complete its investigation and report to the Legislature its findings and recommendations on or before January 1, 2002. The recommendations of the commission shall be consistent with state policies for telecommunications as set forth in Section 709, and with all of the following principles:

(1) Essential universal communication service shall be provided at affordable prices to all Californians regardless of linguistic, cultural, ethnic, physical, financial, and geographic considerations.

(2) In order to effectively bridge the digital divide between the information rich and information poor, there must be an ongoing evaluation by the commission of those services that shall appropriately be deemed essential, and therefore, a part of universal service.

(3) Public policy shall be to provide incentives, as needed, to promote deployment of advanced telecommunications technology to all customer segments.

(4) Consumers shall be provided access to all information needed to allow timely and informed choices about telecommunications products and services and how to best use them.

(5) Education, health care, community, and government institutions shall be positioned as early recipients of the new and emerging technologies so as to maximize the economic and social benefit of these services.

(6) All parties involved in providing services utilizing evolving telecommunications networks shall adhere to the same guidelines regarding mutual interconnectivity, interoperability, common carriage, reliability, privacy, and security.